

PROactive

Pre Retirement Opportunities for proactive employees

Office of Retirement Services, Fall 2007

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Rev Up Your Retirement

Rev up your retirement planning by avoiding these retirement myths.

Myth #1: I'm too young to worry about retirement. You're never too young – the sooner you begin planning for retirement, the better off you'll be in the long run.

Myth #2: I won't need much to live on. Experts estimate on average, to maintain your standard of living in retirement, you'll need 70 percent of your preretirement income.

Myth #3: My kids will take care of me. Most children want to lend their aging parents a hand, but simply can not afford to.

Myth #4: I can't afford to set aside money for retirement. The truth is, you can't afford not to. Employer sponsored savings plans, such as your CitiStreet 401k or 457, are a great way to rev up your retirement savings.

Here's what we do for you

ORS director speaks about services to help you succeed

As a division of the state's Department of Management and Budget, the Office of Retirement Services (ORS) administers retirement plans for Michigan's state and public school employees, judges, and state police.

It is our job to keep track of your wages, service credit, and personal contributions and report these figures to you in your annual *Member Statement* that is enclosed with this newsletter. In addition, we administer your pension, keep track of your beneficiary designation, and provide staff to answer your questions via online services, seminars, webinars, publications, and direct customer service.

Maybe you're just entering the workforce, maybe you're in the middle of your career, or maybe you're getting ready to retire. No matter what stage of life you're in, we're here to support your retirement-related needs.

And for that very reason, we've created this newsletter for you. In addition to our existing online and print resources we felt it was important to give you even more support toward planning and reaching a secure financial future. It is our goal to provide you with a variety of preretirement opportunities and information to assist you in building a nest egg big enough to support yourself, and perhaps your family, in retirement.

No matter what you do, start early, stay on course, and always use our online and print resources to help guide you toward a safe and secure financial future.

Thank you.



Phil Stoddard, Director, Office of Retirement Services



"A happy and healthy retirement is our wish for you." Phil Stoddard, ORS Director

Check us out!

Go online for detailed **plan information**, the **pension formula**, and to check out our **cool publications**.

3 things we need to know about you

Not sure what needs to be reported? Here we list the top three situations that would require contact with ORS. Please use it as a general guide only. Details about reporting these and other life events, as well as forms you'll need, can be found online or by contacting ORS.

Additional Service. You may be able to buy service credit for any active duty military service; maternity, paternity, or child rearing time; and VISTA or Peace Corps service. Check out the Earning & Purchasing Service Credit section on our website.

Divorce. If the court orders that a portion of your pension be paid to an alternate payee, such as your former spouse, the order (known as an Eligible Domestic Relations Order, or EDRO) must contain specific information in a specific format, and must be on file with ORS prior to your retirement effective date.

Death. If you die while an active member of the retirement system, your survivor should contact ORS right away. ORS will ask for your social security number to identify the retirement account and request a copy of your death certificate. Your record will then be reviewed to determine what, if anything, is payable.

Be proactive!
Contact us if you have significant changes that may effect your retirement.

This newsletter is brought to you by the Department of Management and Budget, Office of Retirement Services.

The purpose of *PROactive* is to offer ideas and retirement updates to help you plan for a successful financial future.



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It's never too early or too late to plan your retirement

Whether you are retiring next year or in the next 10 to 20 years, planning now is key to a successful retirement. Unfortunately, research shows that one-third of all workers aren't saving anything for retirement and those who are don't have nearly enough to retire.



Most financial planners recommend a retirement income equal to 70 percent of your working income.

If you're early-career

- Make a plan and set your retirement goals.
- Save as much as you can, as soon as you can. The state-sponsored 401(k) or 457 deferred compensation plans are a good place to start.

If you're mid-career

- Review your retirement goals and make sure you're still on course to meet your goals—adjust as necessary.
- Review your service credit totals for accuracy, and consider whether any credit for military service or other service is available.
- Continue participation in any employer sponsored savings plans.

If you're 5 years from retirement

- Review your pension plan with an ORS representative to ensure you fully understand it.
- Check out catch-up provisions IRS offers to savers age 50 and older.

If you're 2 years from retirement

- Estimate your retirement pension by multiplying your final average compensation (FAC) by 60 percent. **Note:** Your FAC is the average annual salary earned for your last two years of service with the State Police.
- Request an estimate of your retirement benefits from the Social Security Administration if you've contributed.

If you're 6 months from retirement

- Request a retirement packet from ORS—review all documents carefully.
- Visit the Ready to Retire section on our website and review the steps necessary to apply for your pension.

If you're 3 months to retirement

- Review the health insurance plans offered and decide which works best for you.
- File your application and any other forms with ORS.

Web Resources for Retirement Planning

www.michigan.gov/ormsmp. The Michigan State Police Retirement System's website contains a wealth of information about your retirement benefits, eligibility, service credit, and much more.

<http://stateofmi.csplans.com>. Understand your tax deferred investment options with your employer sponsored 401k and 457 plans.

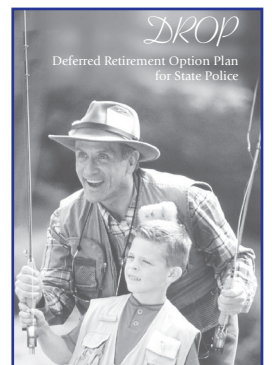
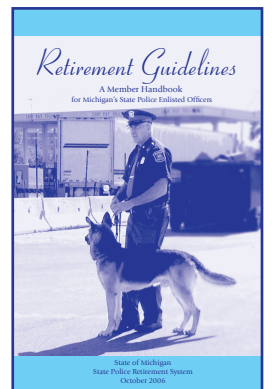
www.choosetosave.org/ballpark. "The Ballpark E\$timate" is an easy-to-use, easy-to-understand, two-page worksheet that helps you quickly identify how much you need to save for a comfortable retirement.

Publications for retirement

Because it is so essential to plan for your retirement, we encourage you to read the *Retirement Guidelines (R0159H)*. This handbook will give you enough information about your pension so that—between your pension and personal savings—your retirement is all you hope it will be.

This book explains how and when you will qualify for a pension and how your pension will be calculated. It includes tips for enhancing your retirement by participating in the state's optional Deferred Compensation plan and by purchasing service credit.

In addition, the *DROP*, or *Deferred Retirement Option Plan (R0627H)*, brochure provides information on how state troopers can continue working beyond their normal retirement date.



Military Service

As an active member of the State Police Retirement System, you can receive credit for time you spent in active duty military service with the United States Army, Navy, Marine Corps, Air Force, or Coast Guard. There may or may not be a cost to you, depending on whether your active duty service occurred during (intervening) or outside of (nonintervening) your employment with the Michigan State Police.

Your service is considered *intervening* service if you leave state police employment, directly enter active duty in the U.S. armed forces, including reserve components, and return to employment with the Michigan State Police within six months of discharge.



Nonintervening service is active duty service that does not interrupt your service with the Michigan State Police.

For further information you can download the *Military Service Credit Application R0081H* form on our website, www.michigan.gov/ormsmp, under the Forms and Publications section.